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September 21, 2005

VIA ELECTRONIC AND FIRST-CLASS MAIL SERVICE

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

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SC PUBLIC SERVICE
COMMISSION

RE: Application of Vanco Direct USA, LLC for a Certificate of Public Convenience and Necessity to Provide Resold Interexchange And Local Exchange Communications Services, and for Flexible Rate Structure for Local Exchange Service Offerings First Approved in Docket No. 97-467-C
Docket No. 2005-231-C, Our File No. 1031-10310

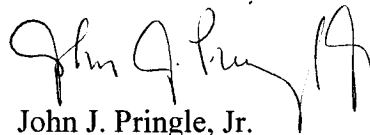
Dear Mr. Terreni:

Enclosed is the original and twenty-five (25) copies of the **Testimony of Ted Raffetto** filed on behalf of Vanco Direct USA, LLC. in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,


John J. Pringle, Jr.

JJP/cr
cc: Office of Regulatory Staff Legal Department
Mr. Ted Raffetto
Monica Borne Haab, Esquire
Enclosures

RETURN DATE: OK D. Duke
TWICE: _____

BEFORE THE
PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2005-231-C

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In the Matter of the Application of)

Vanco Direct USA, LLC)

for a Certificate of Public Convenience and Necessary to Provide Resold)
Interexchange and Local Exchange Communications Services, and for)
Modified Alternative Regulation for Certain Interexchange Services First)
Approved in Docket No. 95-661-C and as Modified in Docket No. 2000-)
407-C, and for Flexible Rate Structure for Local Exchange Service)
Offerings First Approved in Docket No. 97-467-C)

**DIRECT TESTIMONY
OF TED RAFFETTO**

1 **Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A: My name is Ted Raffetto and my business address is 200 South Wacker Blvd., Floor 12, Chicago IL
3 60606.

4 **Q: BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A: I am Manager/CEO of Vanco Direct USA, LLC.

6 **Q: IS THE ADDRESS OF THE COMPANY THE SAME AS THAT WHICH YOU HAVE**
7 **JUST SUPPLIED?**

8 A: Please be advised that the company recently moved and this address differs from the address listed in
9 the Application.

10 **Q: PLEASE DESCRIBE YOUR DUTIES FOR THE COMPANY.**

11 A: I am in charge of overseeing all operations of the Company, as well as acting as liaison with
12 applicable governmental agencies.

13 **Q: COULD YOU PROVIDE A BRIEF BACKGROUND OF YOUR EDUCATION AND**
14 **EXPERIENCE?**

1 A: Yes. In October 2000, I was appointed Vice President of major carriers for Calix, where I was
2 responsible for business development strategy and sales in the service provider market. Before
3 joining Calix, I was President and Chief Executive of Bell Atlantic's Data Solutions Group and
4 was appointed Group President of Business Services following the merger of Bell Atlantic and
5 GTE. In these roles, I was responsible for leading the end-to-end data and voice services for the
6 regional, national and global business markets with a focus on network integration, professional
7 services IP solutions, call center services and global transport. I joined Vanco in September 2001
8 as non-executive Chairman, moving to position of CEO of Vanco USA in July 2003.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to present evidence describing the technical, managerial and
11 financial fitness of Vanco to provide telecommunications services in South Carolina. This
12 testimony will also describe the services proposed by Vanco and the proposed tariff structure.
13 Finally, the purpose of my testimony is to show that the public interest will be served by approval
14 of the application of Vanco for a certificate of public convenience and necessity.

15 **Q: ARE YOU FAMILIAR WITH THE APPLICATION OF YOUR COMPANY**
16 **SUBMITTED TO THIS COMMISSION AND ALL EXHIBITS ATTACHED THERETO?**

17 A: Yes.

18 **Q: DO YOU RATIFY AND CONFIRM THE STATEMENTS AND REPRESENTATIONS MADE**
19 **IN THAT APPLICATION AND ALL EXHIBITS ATTACHED THERETO?**

20 A: Yes.

21 **Q: DO YOU WISH TO INCORPORATE BY REFERENCE ANY DOCUMENTS INTO THIS**
22 **TESTIMONY?**

23 A: Yes. I wish to incorporate by reference the underlying Application filed in this proceeding and its
24 associated exhibits.

1 **Q. HAS VANCO REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?**

2 A. Yes. Vanco received foreign corporation authority on April 11, 2005. A copy of the Certificate of
3 Authorization was attached to the Application as Exhibit "C".

4 **Q: PLEASE DESCRIBE THE SERVICES THAT THE COMPANY INTENDS TO PROVIDE**
5 **WITHIN THE STATE OF SOUTH CAROLINA.**

6 A: The company seeks authority to operate as a reseller of private line services to business customers.
7 Vanco has not installed, nor does it intend to install any transmission facilities or plant in the State of
8 South Carolina. The Company's services are available twenty-four (24) hours per day, seven (7) days
9 a week. Intrastate service is offered in conjunction with interstate service.

10 **Q: WHICH CARRIER WILL SERVE AS THE COMPANY'S UNDERLYING CARRIER?**

11 A: The Company's underlying carrier for private line services will be BellSouth Telecommunications.

12 **Q: WHAT SERVICES DO THE UNDERLYING CARRIERS PROVIDE TO THE**
13 **COMPANY?**

14 A: The underlying carriers provide all of the facilities over which the Company's private line services are
15 carried.

16 **Q: HOW IS THE RESALE OF SERVICES EFFECTED?**

17 A: The Company purchases service at a discount from the underlying carrier(s) and then resells the
18 private line service under its own brand name to the public.

19 **Q. DOES VANCO OWN ANY NETWORK SWITCHES OR TRANSMISSION FACILITIES**
20 **USED IN ROUTING CALLS?**

21 A. No. Vanco does not intend to deploy any facilities for provision of service.

22 **Q. HOW WILL VANCO BILL FOR ITS SERVICES?**

23 A. Calls are billed directly by the company on a monthly basis.

24 **Q. HOW ARE TROUBLE REPORTS HANDLED?**

1 A. Vanco utilizes a nationwide toll-free number, for customer service. Customers may call 1-866-578-
2 2626 8:30 A.M. TO 5:30 P.M. Monday through Friday, or contact Customer Service via e-mail
3 address info@vanco-us.com twenty-four (24) hours a day seven (7) days a week. The toll-free number
4 is printed on customer billing statements.

5 **Q. HOW ARE BILLING ERRORS AND COMPLAINTS HANDLED?**

6 A. The Customer Service Department is open during normal business hours (8:30 am to 5:30 pm,
7 Monday through Friday). Customer service representatives are prepared to respond to a broad range
8 of service matters, including 1) the types of services offered, and the rates associated with such
9 services; 2) monthly billing statements; 3) problems or concerns pertaining to a customer's current
10 service, and 4) general telecommunications matters.

11 **Q: HOW LONG HAS THE COMPANY BEEN IN BUSINESS?**

12 A: Vanco was organized on February 3, 2005, and has not initiated operations.

13 **Q: DOES THE COMPANY HAVE OFFICES IN SOUTH CAROLINA?**

14 A: No. The company does not intend to have offices in South Carolina. Accordingly, the company
15 requests, pursuant to Commission Rule 103-610, that the Commission authorize the company to keep
16 its books and records at its offices in Illinois. Upon request, the company will provide such books and
17 records to the Commission or the Office of Regulatory Staff on an expedited basis and at the
18 company's expense.

19 **Q: ARE YOU FAMILIAR WITH THE TARIFF SUBMITTED AS AN EXHIBIT TO THE**
20 **APPLICATION?**

21 A: Yes.

22 **Q: WAS THE TARIFF PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

23 A: Yes. It was prepared under my supervision.

1 **Q: IN YOUR OPINION, ARE YOUR PROPOSED RATES CONTAINED IN THE TARIFF JUST**
2 **AND REASONABLE?**

3 A: Yes.

4 **Q: WILL THE COMPANY PROVIDE ANY EQUIPMENT OR FACILITIES IN CONNECTION**
5 **WITH ITS SERVICES?**

6 A: No, the Company does not intend to own, operate, control or manage any telecommunications
7 transmission facilities within the State of South Carolina, and does not intend to obtain or construct
8 any such facilities or equipment at this time. However, the Company reserves the right to install its
9 own facilities if and when business conditions warrant, and upon prior approval of the Commission.

10 **Q. DESCRIBE THE PROPOSED SOUTH CAROLINA TARIFFS.**

11 A. Vanco has included proposed interexchange and local exchange tariffs, which contain the rules,
12 regulations and rates for Vanco's services. Vanco proposes to offer resold private line service to
13 business customers. Vanco's services are mileage sensitive. I believe that Vanco's tariffs will
14 comport with all Orders, Rules and Regulations of the Commission, and Vanco will make all
15 changes suggested by the Commission necessary to comply with all such applicable authority.
16 Should the Application be granted, Vanco plans to commence offering service immediately.

17 **Q. WHAT REGULATORY TREATMENT IS VANCO SEEKING IN THIS APPLICATION?**

18 A. Vanco requests that the Commission allow it to employ a flexible local exchange rate structure
19 first authorized by Order No. 98-165 in Docket No. 97-467-C. Specifically, Vanco requests that
20 the Commission: a) adopt for local exchange services a competitive rate structure incorporating
21 maximum rate levels with the flexibility for rate adjustment below the maximum rate levels; and b)
22 presume that Vanco's tariff filings for local exchange services be valid upon filing, subject to the
23 Commission's authority, within thirty (30) days, to institute an investigation of such filings. At the
24 discretion of the Commission such filings may be suspended pending further order of the

1 Commission and any such filings may be subject to the same monitoring process as the
2 Commission applies to other, similarly situated carriers.

3 Further, Applicant requests that all of its business service offerings be regulated pursuant to the
4 procedures described and set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-
5 661-C, as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C. It is
6 Applicant's intent by this request to have its business services regulated in the same manner as this
7 Commission has permitted for AT&T Communications of the Southern States, Inc. ("AT&T").
8 Specifically, Applicant requests that the Commission: (a) remove the maximum rate tariff
9 requirements for its business services, consumer card, operator service,¹ private line, and customer
10 network-type offerings; b) presume that the tariff filings for these uncapped services be valid upon
11 filing. However, if the Commission institutes an investigation of a particular filing within seven
12 (7) days, the tariff filing would be suspended until further order of the Commission; and c) grant
13 Applicant the same treatment as AT&T in connection with any future relaxation of the
14 Commission's reporting requirements.

15

16 **Q: WHERE DOES THE COMPANY ANTICIPATE OFFERING ITS SERVICES IN SOUTH**
17 **CAROLINA?**

18 A: The Company intends to offer interexchange services on a statewide basis. Local exchange service
19 will be limited to the service territory of BellSouth.

20 **Q: HOW WILL THE COMPANY MARKET ITS SERVICES?**

21 A: The Company will market its services by using independent agents and/or in-house sales
22 representatives.

¹ Excepting those operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected the local exchange carrier as their toll provider. Operator surcharges and per-minute rates for this type of call were capped by Commission Order No. 2001-997, dated November 8, 2001.

1 **Q: IS THE COMPANY CERTIFIED OR OTHERWISE AUTHORIZED TO PROVIDE RESALE**
2 **SERVICES OF THE TYPE DESCRIBED HEREIN IN ANY OTHER STATES?**

3 A: No.

4 **Q: IN WHAT OTHER STATES WILL THE COMPANY SEEK WHATEVER APPROVALS**
5 **ARE NECESSARY?**

6 A: Applications are initially being filed in California, Colorado, Georgia, Illinois, Kentucky, Maryland,
7 North Carolina, Nevada, New York, Ohio, Virginia and Washington. However, the Company intends
8 to obtain authority on a nationwide basis in the very near future.

9 **Q: WHY DOES THE COMPANY WANT TO COMMENCE OPERATIONS IN SOUTH**
10 **CAROLINA?**

11 A: The Company intends to provide services on a nationwide basis.

12 **Q: IN YOUR OPINION, WHY ARE THE COMPANY'S SERVICES IN THE PUBLIC**
13 **INTEREST?**

14 A: Allowing Vanco to provide services within the State of South Carolina promotes competition within
15 the telecommunications industry, which has been shown to result in the offering of higher quality
16 services at lower prices.

17 **Q: IS THE COMPANY WILLING AND ABLE TO CONFORM TO THE CONSTITUTION AND**
18 **LAWS OF THE STATE OF SOUTH CAROLINA AND TO THE RULES AND**
19 **REGULATIONS OF THE COMMISSION, UNLESS APPLICATION OF SUCH RULES OR**
20 **REGULATIONS IS SPECIFICALLY WAIVED BY THE COMMISSION?**

21 A: Yes.

22 **Q: WILL THE COMPANY FILE ALL APPLICABLE REPORTS AS REQUIRED BY THE**
23 **COMMISSION?**

1 A: Yes. Vanco is aware of the Commission's requirements that all telecommunications carriers file a
2 report on South Carolina operations, a gross receipts report, and a universal service contribution report
3 on an annual basis.

4 **Q: DESCRIBE VANCO'S FINANCIAL ABILITY TO OPERATE AS A**
5 **TELECOMMUNICATIONS RESELLER.**

6 A. Vanco, through the support of its affiliate, has a solid financial base from which to begin operation
7 as a provider of telecommunications services. The affiliate company's financial statements were
8 included in the Application as Exhibit D.

9 **Q: DOES THE APPLICANT POSSESS THE MANAGERIAL AND TECHNICAL**
10 **QUALIFICATIONS, EXPERIENCE AND PERSONNEL TO PROVIDE THE PROPOSED**
11 **PUBLIC TELECOMMUNICATIONS SERVICES?**

12 A: Yes. Vanco has a team of experienced managers, as evidenced by the Management Profiles
13 submitted as Exhibit E to the original application. In addition, Vanco's technical capability will be
14 equivalent to that of its underlying carriers which maintain the infrastructure.

15 **Q: IS IT ECONOMICALLY FEASIBLE FOR APPLICANT TO PROVIDE THE SERVICE**
16 **PROPOSED IN SOUTH CAROLINA SUCCESSFULLY AND CONTINUOUSLY?**

17 A: Yes.

18 **Q: DOES THIS COMPLETE YOUR TESTIMONY IN SUPPORT OF YOUR**
19 **APPLICATION?**

20 A: Yes.

21 **Q: WILL YOU REMAIN AVAILABLE TO RESPOND TO ADDITIONAL QUESTIONS**
22 **FROM THE COMMISSION OR THE OFFICE OF REGULATORY STAFF**
23 **REGARDING YOUR APPLICATION IF NECESSARY?**

24 A: Yes.